



South Carolina Retirement System (SCRS)



Member Handbook



Retirement Systems



July 2005

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Employers covered by the South Carolina Retirement Systems are not agents of the Retirement Systems.

The information in this handbook is meant to serve as a guide, but does not constitute a binding representation of the South Carolina Retirement Systems. The statutes governing the South Carolina Retirement Systems are found in Title 9 of the South Carolina Code of Laws, and should there be any conflict between this handbook and the statutes or the Retirement Systems' policies, the statutes and policies will prevail. Because state statutes are subject to change by the General Assembly, please contact us for the most current information.

Duplication of this handbook, either in part or in whole, is forbidden without the express written permission of the South Carolina Retirement Systems.

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General Information

This handbook provides a general introduction to the South Carolina Retirement System (SCRS) and its benefits. Membership includes public school employees, public higher education personnel, state employees, and employees of participating cities, counties, and other local subdivisions of government. SCRS provides service and disability retirement, deferred annuities, and survivor annuities. State agencies and public school districts are required to provide Group Life Insurance coverage to employees. Other employers may elect to provide this coverage.

Membership

Permanent, full-time and permanent, part-time employees must join unless specifically exempted by statute. Temporary employees may choose whether to join. Membership starts when you begin earning compensation from a covered employer and you begin making contributions to the system. Once you become a member of SCRS, if you are subsequently hired by another employer you must continue membership provided you have contributions on deposit from previous employment and do not elect to participate in the State Optional Retirement Program (State ORP).

An active member is actively employed, earning service credit, making regular contributions to an SCRS retirement account and has not retired or terminated covered employment. You must be an active member to receive most of the benefits outlined in this handbook.

As an active member, you will receive a member statement each year that reflects your employee

contributions and interest, service credit, and retirement account beneficiaries.

State ORP

If you are otherwise eligible for SCRS membership and are not an employee of a city, county, or other local subdivision of government, you may elect participation in State ORP in lieu of SCRS membership. Election of State ORP participation must be made within 30 days of your date of hire. Please refer to the *Select Your Retirement Plan* guide available from your employer or the Retirement Systems for more information.

If you are a State ORP member, the SCRS retirement annuity information in this book (formula, sick leave, annual leave, etc.) does not apply to you. Contact your individual vendor for information about your State ORP retirement annuity.

Correlated Systems

SCRS, PORS (Police Officers Retirement System), and GARS (General Assembly Retirement System) are correlated systems. If you have contributions in more than one of these retirement systems, your service credit is maintained separately within each system; however, your service credit is added together to determine your eligibility for retirement benefits. The 12 highest consecutive quarters of earnable compensation in SCRS or PORS are typically used to calculate your SCRS and PORS retirement annuities unless the service is concurrent (earned at the same time). If you have contributions in a GARS retirement account, contact the Retirement Systems for information on determining your retirement annuity.

Contribution Rates

As an active member, you contribute a tax-deferred 6.25 percent of gross pay into your SCRS retirement account. Effective for compensation earned on or after July 1, 2006, your contribution will increase to 6.5 percent of your gross pay. Effective July 1, 2005, if you have not retired your account earns 4 percent interest compounded annually on your balance as of the previous June 30th. Also effective for compensation earned on or after July 1, 2005, all SCRS and PORS

retiree earnings, including those of Teacher and Employee Retention Incentive (TERI) program participants, from returning to work for an employer covered by the Retirement Systems will be subject to the same contribution rate as active members. Deduction from your wages will be on a pre-tax basis. Retiree contributions will be posted to your retirement account; however, as a retiree (including TERI participants) you will not earn additional service credit or receive interest on your account.

Minimum Service Requirement

SCRS members whose membership began on or after January 1, 2001, must have five years of earned service (paid employment as an employee during which regular contributions are paid to the system) to be eligible to apply for a service or disability retirement annuity, or to qualify a survivor for a monthly annuity after an in-service death. This requirement does not apply to disability retirement eligibility if the disability is the result of a job-related injury.

Leaving Before Retirement

If you terminate active employment, you may choose to have the funds paid directly to you, roll over the funds into an Individual Retirement Account (IRA), a 401(k) plan, a 401(a) eligible plan, a 403(b) plan, or some 457 plans (the South Carolina Deferred Compensation Program's 457 plan does not accept rollovers from your Retirement Systems account), or leave your contributions in your retirement account to continue to accrue interest. If you terminate employment with at least five years of earned service and leave your contributions in your account, you will be eligible to receive a reduced deferred annuity at age 60.

Refund of Contributions

If you terminate active employment, you may request a refund of your employee contributions plus interest, but you forfeit your rights to any future service retirement or disability annuity. You are not required to withdraw your contributions and interest at termination. Employer contributions are not refunded to members of SCRS or PORS. By law, there is a minimum 90-day wait-

ing period from your date of termination until a refund can be made. If you are working for two or more covered employers and/or contributing to more than one retirement account (i.e., working two jobs and paying into an SCRS and a PORS account), you must stop working in all correlated systems to request a refund from any account.

The Retirement Systems is required to withhold federal taxes of 20 percent on the taxable portion of any refund that is not transferred directly into another qualified retirement plan. Other taxes may apply as well. Check with an accountant or tax advisor regarding your tax liability.

Group Life Insurance

State agencies and public school districts are required to provide Group Life Insurance to employees. The coverage is optional for other employers. If an employer provides Group Life Insurance to its employees, the employer must pay the associated contribution for this coverage.

Group Life Insurance Benefit

If you are an active member of the Retirement Systems or State ORP and are working for a covered employer and die in service with at least one year of service credit, a payment equal to your current annual earnable compensation will be paid to your designated beneficiary or trustee. If your death results from a job-related injury, the one-year requirement is waived. Group Life Insurance benefits are considered life insurance proceeds which are not taxable. Effective July 1, 2005, retired contributing members of SCRS are eligible for an increased group life insurance benefit payment equal to their one-year's annual salary in lieu of the standard \$2,000, \$4,000 or \$6,000 retired member benefit.

In-Service Death

Your designated beneficiary may be entitled to receive the benefits listed below if you die as an active member:

If you are under age 60 and have less than one year of service credit:

- Active member Group Life Insurance benefit if your death was job-related; **and**

- Refund of employee contributions plus interest.

If you are under age 60 and have 1-14 years of service credit:

- Active member Group Life Insurance benefit; **and**
- Refund of employee contributions plus interest.

If you have 15 or more years of service credit, five years of which must be earned service:

- Active member Group Life Insurance benefit; **and**
- Beneficiary's choice of monthly annuity **or** refund of employee contributions plus interest.

If you are age 60 or older with at least five years of earned service as of your date of death:

- Active member Group Life Insurance benefit (must have at least one year of service); **and**
- Beneficiary's choice of monthly annuity **or** refund of employee contributions plus interest.

Beneficiaries

As an active member of the Retirement Systems, you may designate three types of beneficiaries:

- Beneficiaries for your retirement benefits. Multiple beneficiaries share equally in survivor annuities;
- Trustees or contingent beneficiaries in case of death of the primary beneficiaries. All primary beneficiaries must be deceased before any contingent beneficiaries are paid; and
- Group Life Insurance beneficiaries.

You may name your estate; however, monthly annuity payments cannot be paid to an estate. Generally, you may change your beneficiaries at any time before retirement.

Establishing Service Credit

While you are an active member, you may establish credit for various types of service including previous employment, leave of absences, and up to five years of non-qualified service. Descriptions of these types of service credit begin on Page 7. You may purchase service credit by a lump-sum payment, an installment service purchase (pre-tax or after-tax, plus interest), or a tax-deferred roll-

over from an IRA, a 401(k) plan, a 401(a) eligible plan, a 403(b) plan, or a 457 plan.

You may purchase each type of service credit once within a fiscal year. If you are purchasing service to meet retirement eligibility, please contact the Retirement Systems for more information. **Payment for service purchases required for eligibility must be remitted in full prior to your retirement date or termination.**

Some types of purchased service may not be used in determining insurance eligibility. If you are covered by state health insurance contact the Employee Insurance Program at (888) 260-9430 or at (803) 734-0678 for eligibility information.

Indexed Service Credit Threshold

On July 1, 1996, the Retirement Systems adopted the \$350 service credit threshold to be used in determining a member's earned service credit. Effective February 1, 2005, a similar indexed service credit threshold was implemented for determining purchased service credit for public service, educational service and State ORP service. This indexed service credit threshold may be applied to previously purchased periods of part time credit and previously earned periods of part time credit, thereby, possibly allowing an active, contributing member to purchase up to full service credit for the month at an additional cost. The indexed threshold is based on the minimum wage at the time the service was rendered times 80 hours to arrive at a monthly threshold amount. A member may be eligible to purchase a full month of service credit provided his employer verifies he worked the entire month and earned at least the applicable indexed service credit threshold during the month to be established. If the member earned less than the indexed service credit threshold in a month, then he is eligible to purchase a partial month's service credit. Exceptions to the indexed service credit threshold policy are: 1) an elected or appointed public officer; 2) a member who served as a legislative clerk or attaché for the General Assembly; and 3) a nine-month school district employee.

Descriptions of Types of Service

Convert Class I to Class II

If you are an SCRS member who still has Class I service, you may convert your Class I service to Class II service by paying 2.5 percent of either your current earnable compensation or the average of your 12 highest consecutive quarters of earnable compensation, whichever is greater, for each year to be converted.

Public Service

You may establish service credit for any period of paid public service for which you do not already have service credit in another defined benefit plan from which you may receive an annuity. Public service constitutes service as an employee of the government of the United States, a state, or political subdivision of the United States. The cost is 16 percent of current earnable compensation or career highest fiscal year earnable compensation, whichever is greater, for each year purchased. If you have established State ORP service in SCRS, your career highest salary includes your salary in either State ORP or SCRS.

Educational Service (K-12)

You may establish service credit for any period of paid classroom teaching consisting of grades kindergarten through 12 in a public, private, or sectarian school for which you do not already have service credit in another defined benefit plan from which you may receive an annuity. The cost is 16 percent of current earnable compensation or career highest fiscal year earnable compensation, whichever is greater, for each year purchased. If you have established State ORP service in SCRS, your career highest salary includes your salary in either State ORP or SCRS.

Military Service

You may establish up to six years of service credit for any period of military service for which you do not already have service credit. This includes service in the United States Army, Navy, Marine Corps, Air Force, Coast Guard, Select Reserves, and Army or Air National Guard. The cost is 16 percent of current earnable compensation or career highest fiscal year earnable compensation,

whichever is greater, for each year purchased. If you have established State ORP service in SCRS, your career highest salary includes your salary in either State ORP or SCRS. Your discharge from service must be under conditions other than dishonorable. Under guidelines set forth by the Uniformed Services Employment and Reemployment Rights Act (USERRA), you may also arrange in advance with your employer to continue contributing to your account while on active duty military leave.

Leave of Absence

Active contributing members on an employer-approved leave of absence who return to covered employment within four years may purchase service credit for the employer-approved leave period for which they do not already have service credit, up to a maximum of two years per leave of absence. The leave of absence must be with an employer covered by the Retirement Systems. The cost is 16 percent of current earnable compensation or career highest fiscal year earnable compensation, whichever is greater, for each year purchased. If you have established State ORP service in SCRS, your career highest salary includes your salary in either State ORP or SCRS.

Workers' Compensation

You may establish service credit for a period while on leave of absence and receiving Workers' Compensation benefits. The cost is based on contributions plus interest using your earnable compensation at the time of injury. You may also arrange in advance with your employer to continue contributing to your account while you are receiving Workers' Compensation benefits.

Previously Withdrawn SCRS Service

If you left employment and received a refund of your contributions plus interest from the Retirement Systems, you may re-establish this service upon returning to active membership. You must repay the amount you withdrew plus interest to the date your request is received. Previously withdrawn earned service that is re-established in SCRS through the service purchase process is considered earned service for the determination

of the minimum service requirement for benefit eligibility. Please note that earnings associated with a re-established withdrawal will be considered for possible inclusion in the calculation of a member's average final compensation and any subsequent service purchase costs.

Non-Qualified Service

Active contributing members who have five or more years of earned service credit may establish up to five years of non-qualified service. The cost is 35 percent of current earnable compensation or career highest fiscal year earnable compensation, whichever is greater, for each year purchased. If you have established State ORP service in SCRS, your career highest salary includes your salary in either State ORP or SCRS.

State ORP Service

Active contributing members may purchase service credit for their years of participation in the State ORP administered by the South Carolina Retirement Systems. The cost is 16 percent of current earnable compensation or career highest fiscal year earnable compensation in either SCRS or State ORP, whichever is greater, for each year of service purchased. You may not purchase service for a period of State ORP participation for which you may receive a retirement annuity from another defined benefit retirement plan. State ORP service that is established in SCRS through the service purchase process is considered earned service for the determination of the SCRS minimum service requirement for benefit eligibility. Salaries associated with State ORP service purchased in SCRS will be considered for possible inclusion in the calculation of a member's average final compensation.

Service Retirement

When to Apply

You must file an application to retire; it is not automatic. We encourage you to file your application as early as six months prior to your desired effective date of retirement but no later than 90 days afterward. However, before an effective date of retirement can be established, you must

be removed from your employer's payroll unless you begin TERI participation on your date of retirement (see Page 11). Contact your employer or the Retirement Systems for a retirement application packet. Retirement applications and other forms are also available via our Internet Web site at www.retirement.sc.gov. **If you do not receive notification of our receipt of your application within 10 days after you submitted it, contact Customer Services.** Please do not terminate employment until the Retirement Systems has audited your service credit and you receive official notice of your retirement eligibility. If you are considering retirement, you should request that your service be audited prior to scheduling an appointment with a retirement consultant. Contact Customer Services to make an appointment. Videoconferencing appointments are available through certain employers. The Retirement Systems also offers a pre-retirement seminar through your employer. Sessions are held regionally upon request based on availability. Contact Customer Services for seminar dates.

Eligibility

If you meet the following requirements, you are considered eligible to retire (see **Correlated Systems** on Page 2 if you have an account in more than one retirement system):

Normal Retirement (Unreduced Annuity):

- **Age 65 with five years of earned service; or 28 years of service credit, five years of which must be earned service.**

Early Retirement (Reduced Annuity):

- **Age 60 with at least five years of earned service.** Your annuity is permanently reduced 5 percent for each year of age less than 65 (partial years are prorated); **or**
- **Age 55 or older with 25 years of service credit, five years of which must be earned service.** Your annuity is permanently reduced 4 percent for each year of service credit less than 28 (partial years are prorated). **Cost-of-living increase restrictions apply (see Page 20).**

TERI Program

Active members of SCRS who are eligible for service retirement may elect to participate in the TERI program. TERI allows you to retire and begin accumulating your retirement annuity on a deferred basis without terminating employment. You must enroll at the time of retirement.

By participating in TERI, you may defer receipt of your retirement annuity for up to 60 months. As a TERI participant, your monthly retirement annuity is deferred and is accumulated in your TERI account. No interest is paid on annuity benefits accumulated in your TERI account. Retiree cost-of-living increases are applied to a TERI participant's monthly annuity in the same manner in which other retirees receive increases. As a retired contributing member you will pay the same pre-tax contribution rate as active members; however, you will not earn service credit or interest on your account. During your TERI period, you are eligible for the retiree Group Life Insurance benefit equal to one year's salary, but you are not eligible for disability retirement. You may participate in TERI only once. If you retired previously and received a service or a disability retirement annuity under SCRS, you are not eligible to participate in the TERI program.

At the end of your TERI period, you must terminate employment. Confirmation of your actual termination date is required from your employer. You may then receive the balance in your TERI account through either a taxable, single-sum distribution payable directly to you or through a tax-deferred rollover into a qualified retirement plan. Any distribution paid directly to you is subject to ordinary federal and state income taxes and may be subject to an additional 10 percent federal penalty for early withdrawal.

If your TERI retirement date is on or after July 1, 2005, your initial TERI benefit will include no credit for any unused annual leave payouts; however, your average final compensation will be recalculated prospectively at the end of your TERI period to include any unused leave paid at termination of employment.

If you plan to return to work for a covered em-

ployer after your TERI period ends, you must consult your employer regarding the employer's employment severance and return to work policy. Your TERI period will count toward the requirement that you be retired for at least 15 days before returning to work for a covered employer (see Page 19). You are not guaranteed employment; a covered employer must decide to hire you after your TERI period has ended.

If you die while participating in TERI, in addition to any Group Life Insurance benefits, the total amount of your annuity accumulated in your TERI account will be distributed to the beneficiary designated for your retirement annuity. A surviving spouse who is designated as beneficiary may elect to roll over the taxable portion of the TERI balance into an IRA, a 401(k) plan, a 401(a) eligible plan, a 403(b) plan, or a 457 plan. If you are interested in participating in the TERI program, please contact your employer or the Retirement Systems for more information.

Service Retirement Option A

Annuity Formula

The following four-step formula is used to calculate your standard monthly annuity (Option A). If you are a TERI participant who retired on or after July 1, 2005, see Page 13.

Step 1 Total your 12 highest consecutive quarters of earnable compensation and divide by 3.

The result of Step 1 is your average final compensation (AFC). The dollar amount of payment for up to 45 days of unused annual leave paid by your last employer at retirement may be included before averaging your 12 highest consecutive quarters of earnable compensation (excludes certain TERI participants, see Page 13). Quarters are: JAN-MAR, APR-JUN, JUL-SEP, OCT-DEC.

Step 2 Multiply the result of **Step 1** by 1.82 percent (.0182) for Class II service or by 1.45 percent (.0145) for Class I service.

Step 3 Multiply the result of **Step 2** by years, months, and days of creditable service.

Convert months to days and divide the total days by 360 to determine a decimal equivalent for partial years. For example, 25 years, 2 months and 10 days equals 25 years, 70 days (60 + 10). $70 \div 360 = .19$. This amounts to 25.19 years of service.

Step 4 Divide the result of **Step 3** by 12.

Example

Average final compensation (AFC) = \$25,000

Creditable retirement service = 28 years

$\$25,000 \times 1.82\% (.0182) = \455

$\$455 \times 28 = \$12,740$ annual retirement annuity

$\$12,740 \div 12 = \$1,061.67$ standard monthly annuity

Choosing Option B or Option C to provide a future annuity for beneficiaries will reduce the amount of your monthly annuity.

Unused Leave At Retirement Annual Leave

Only an amount up to and including 45 days pay for unused annual leave from your last termination payment shall be included before averaging your 12 highest consecutive quarters of earnable compensation (see Step 1 of the annuity formula on Page 12). This leave amount is reported after retirement. If you are an eligible TERI participant, the amount of annual leave used for retirement purposes will reduce the balance available to you through your TERI employer.

Sick Leave

At retirement, you may receive service credit for up to 90 days of unused sick leave from your last employer at no cost to you (see Step 3 of the annuity formula beginning on Page 12). This service credit cannot be used to establish retirement eligibility. Sick leave is reported by your employer after retirement. One month of service credit is granted for each 20 days of sick leave.

TERI Participants With Retirement Dates On or After July 1, 2005:

During your TERI deferral period, your unused annual leave will not be included in your annuity calculation. However, your annuity will be recalculated prospectively upon termination of employment at the end of your TERI period

and may include up to 45 days of unused annual leave paid at termination (end of TERI).

Your Average Final Compensation

Your average final compensation (AFC) is an important part of the formula used to calculate your retirement benefit. When you retire, your first several benefit checks will be based on information received up to that point. This is called estimated status.

After your employer submits your final earnable compensation information, retirement contributions for your 12 highest consecutive quarters of earnable compensation will be audited. Your AFC may be adjusted after the audit if any of the contributions included in the AFC calculation were for any payments not considered a part of your regular salary base. Your AFC also will be adjusted accordingly to include payment for your unused annual leave according to statute.

As a result of the information received from your employer and the audit of the contributions for your 12 highest consecutive quarters of earnable compensation, your retirement benefit will be finalized. The final amount may be less than, or more than, your estimated benefit.

TERI Participants With Retirement Dates On or After July 1, 2005:

The first several annuity benefits posted to your TERI account will be based on information received up to that point because your account is considered to be in an estimated status.

After your employer submits your final earnable compensation information, retirement contributions for your 12 highest consecutive quarters of earnable compensation will be audited. Your AFC may be adjusted accordingly after the audit and to include unused **sick** leave only. This is called finalized without annual leave status. Your account will remain in this status for the duration of your TERI period. Upon termination of employment at the end of your TERI participation, your annuity will be recalculated to include payment for up to 45 days of unused annual leave paid at termination. This is post finalized status with annual leave.

School District and Higher Education Employees

To calculate an appropriate AFC, adjustments may be required so that you receive credit for three full years of earnings. Adjustments may be needed for changes in payroll cycles, contract payouts, and any other occurrence that could potentially cause the AFC to include more or less than three full years of earnings.

Approximate Percentage of Option A Monthly Annuity at Retirement

The information below is based on the standard annuity payment plan (Option A). Choosing Options B or C to provide a future annuity for beneficiaries will reduce the amount of your monthly annuity.

Service and Age	Percentage	Type of Benefit
25 years at age 55	40%	Reduced Early Retirement
26 years at age 55	44%	Reduced Early Retirement
27 years at age 55	47%	Reduced Early Retirement
28 years at any age	51%	Normal Retirement
29 years at any age	53%	Normal Retirement
30 years at any age	55%	Normal Retirement

Approximate Amount of Option A Monthly Annuity at Retirement

The information on Page 16 is based on the standard annuity payment plan (Option A). Choosing Options B or C to provide a future annuity for beneficiaries (or retiring with SCRS early retirement reductions) will reduce the amount of your monthly annuity.

AFC	Years of Service						Additional Monthly Benefit for Each Additional Year
	25*	26*	27*	28	29	30	
\$15,000	\$ 569	\$ 592	\$ 614	\$ 637	\$ 660	\$ 683	\$ 23
20,000	758	789	819	849	880	910	30
25,000	948	986	1,024	1,062	1,100	1,138	38
30,000	1,138	1,183	1,229	1,274	1,320	1,365	46
35,000	1,327	1,380	1,433	1,486	1,539	1,593	53
40,000	1,517	1,577	1,638	1,699	1,759	1,820	61
45,000	1,706	1,775	1,843	1,911	1,979	2,048	68
50,000	1,896	1,972	2,048	2,123	2,199	2,275	76
55,000	2,085	2,169	2,252	2,336	2,419	2,503	83
60,000	2,275	2,366	2,457	2,548	2,639	2,730	91
65,000	2,465	2,563	2,662	2,760	2,859	2,958	99
70,000	2,654	2,760	2,867	2,973	3,079	3,185	106
75,000	2,844	2,958	3,071	3,185	3,299	3,413	114
80,000	3,033	3,155	3,276	3,397	3,519	3,640	121
85,000	3,223	3,352	3,481	3,610	3,739	3,868	129
90,000	3,413	3,549	3,686	3,822	3,959	4,095	137
95,000	3,602	3,746	3,890	4,034	4,178	4,323	144
100,000	3,792	3,943	4,095	4,247	4,398	4,550	152
105,000	3,981	4,141	4,300	4,459	4,618	4,778	159
110,000	4,171	4,338	4,505	4,671	4,838	5,005	167

* SCRS early retirement deductions may apply. Early deduction may be due to age 60, age 55 with 25 years of service or less than 28 years.

Payment Plans at Retirement

There are three monthly annuity payment plans available to you at retirement. Select the one that best suits your needs. Your payment plan may not be changed once benefits are first payable.

Option A (Maximum Retiree Only Monthly Annuity Plan)

This plan will pay you a standard lifetime annuity based on your average final compensation, years of service, and a multiplier (.0182 for Class II or .0145 for Class I). The annuity formula is explained further on Pages 12 and 13. Upon your death, the Retirement Systems will return, through a lump-sum payment to your beneficiary or your estate, the remaining balance of any member contributions and interest and any working retiree contributions not exhausted

through receipt of annuity benefits during your retirement (interest is not applied to retiree or TERI accounts).

Option B (100% - 100% Joint Retiree-Survivor Monthly Annuity Plan)

You will receive a reduced (from Option A) monthly annuity for life. Upon your death, the same annuity (100 percent of your reduced monthly annuity, including granted cost-of-living increases) will continue throughout your beneficiary's lifetime. If your designated beneficiary predeceases you, your annuity will revert to Option A, including any cost-of-living increases granted since your retirement date.

Option C (100% - 50% Joint Retiree-Survivor Monthly Annuity Plan)

You will receive a reduced (from Option A) monthly annuity for life. Upon your death, one-half of the annuity (50 percent of your reduced monthly annuity, including granted cost-of-living increases) will continue throughout your beneficiary's lifetime. If your designated beneficiary predeceases you, your annuity will revert to Option A, including any cost-of-living increases granted since your retirement date.

If You Choose Option B or Option C

If you choose Option B or Option C and name multiple beneficiaries, upon your death your annuity will be divided equally among them. The annuity will not change for the remaining beneficiaries if one beneficiary dies, either before or after the member dies. If you select Option B or Option C and all of your designated beneficiaries predecease you, your annuity will revert to Option A effective on the date the last beneficiary died. You must notify the Retirement Systems upon the death of a beneficiary.

Disability Retirement Information

If you are an SCRS member who is in service with at least five years of earned service credit and are under age 65, you may apply for disability retirement if your disability is likely to be permanent

and you are still on your employer's payroll. Service will be projected to age 65 with an applicable actuarial reduction. The five-year requirement is waived if you can substantiate that your disability is the result of a job-related injury. **You should file your application for disability retirement as soon as you become disabled and before you are removed from your employer's payroll.** If you do not receive notification of our receipt of your application within 10 days after you submitted it, please contact Customer Services. **If approved, the effective date for annuity benefits will be the 30th day after your application is received by the Retirement Systems or the day after your last day on your employer's payroll, whichever is later.** Disability retirement applications are subject to a detailed evaluation by the Retirement Systems' disability determination service provider.

Disability benefits are not guaranteed for life, as periodic medical reexaminations may be required up to age 65. Your disability annuity is subject to being discontinued or reduced if you regain a certain earning capacity. If you return to work prior to age 65, a calendar year earnings limitation is applied. Each January, you will receive a letter explaining how much you will be allowed to earn from gainful employment without affecting your disability benefits. You are also required to provide the Retirement Systems with an annual statement of your earnings. For more information, refer to the *Your Disability Retirement Benefits* brochure.

Post-Retirement Information

Retirement Checks

Retirement checks are mailed or directly deposited into your bank account on the last business day of each month. We strongly encourage all payees to participate in direct deposit, however, if you do not have a bank account into which benefits may be automatically deposited you may receive a paper check each month. If you do not receive your check within five business days, notify the Retirement Systems in writing. Endorse all checks as drawn. If someone else must endorse your checks, notify the Retirement

Systems immediately. It is also very important to notify the Retirement Systems in writing of any change of your home mailing address.

Service Retirement -

Returning to Covered Employment

If you return to work after retirement, there is no limit on the dollar amount that you may earn as compensation; however, you must be retired for at least 15 consecutive calendar days before returning to work for an employer covered by the Retirement Systems. The TERI period counts toward the break-in-service requirement. If you return to covered employment sooner than 15 consecutive calendar days after retirement, your retirement annuity will be suspended while you remain employed by a covered employer. Certain members (elected officials and those designated by the Department of Education) may retire and return to work without a break in service. See the disability retirement brochure for disability retirement earnings limitation information.

If you work 48 continuous months for a covered employer with an annual salary of at least 75 percent of the AFC used to calculate your retirement annuity, you may elect to rejoin SCRS. If you rejoin, you may elect to repay your retirement annuity and purchase service credit for that 48-month period by making a payment equal to the amount you would have contributed plus the interest your contributions would have accrued if you had been an active member for months during the 48-month period you did not make contributions as a retiree. For months that you made contributions as a retiree during the 48-month period, you would only be required to pay back the retirement benefits received to purchase this time if you wish to purchase this period of time. Your subsequent retirement annuity will be computed as if you are retiring for the first time. Your TERI period does not count toward the 48 months and cannot be purchased as service credit if you rejoin the Retirement Systems.

Effective July 1, 2005, retired contributing members of SCRS are also eligible for an increased group life insurance benefit of payment equal to their one-year's annual salary in lieu of the

standard \$2,000, \$4,000 or \$6,000 retired member benefit.

Cost-of-Living Adjustments

Each July 1, eligible retired SCRS members will receive an annual guaranteed cost-of-living adjustment (COLA) of up to 1 percent provided that the increase in the Consumer Price Index (CPI) as of the prior December 31st is at least 1 percent. In addition, the State Budget and Control Board is allowed to grant a COLA in excess of 1 percent if the CPI increase exceeded 1 percent and if the unfunded liability amortization period for SCRS does not exceed 30 years. The total increase, including the guaranteed 1%, cannot exceed 4%. If you retire under the early retirement provisions at age 55 with 25 years of service, you are not eligible for COLAs until the second July 1st after you reach age 60 or the second July 1st after the date you would have attained 28 years of service credit had you not retired.

Retiree Group Life Insurance

As a non-working retiree, if you die and your last employer prior to retirement is covered by the Group Life Insurance program (see **Group Life Insurance** on Page 4), a benefit based on your service credit will be paid to your beneficiaries as follows:

Years of Service Credit	Benefit
10 to 19 years of service credit	\$2,000
20 to 27 years of service credit	\$4,000
28 or more years of service credit	\$6,000

Beneficiary and Option Changes Retiree Group Life Insurance

You may change your Retiree Group Life Insurance beneficiary at any time regardless of the payment plan you selected.

Option A

You may change your beneficiary for retirement benefits at any time. If you have a change in marital status (death of spouse, marriage, divorce), you

may also select a new option within one year of the qualifying event.

Option B and Option C

If all of your beneficiaries predecease you, your annuity will revert to Option A effective on the date the last beneficiary died. You must notify the Retirement Systems upon the death of a beneficiary. You may then select a new beneficiary under Option A. If you have a change in marital status (death of spouse, marriage, divorce), you may also select a new option within one year of the qualifying event.

Change in Marital Status

If your spouse dies after you retire, if you marry, or if you divorce, you may revoke your current payment plan and select a new option within one year of the change in marital status. Estimates of adjusted benefits under a new option are available from the Retirement Systems upon request.

Number of Changes

Your form of monthly payment may not be changed more than twice, regardless of the number of events (death of a designated beneficiary or change in marital status) that occur. A reversion to Option A upon the death of your beneficiary will count as one of the two changes. If a second beneficiary predeceases you after you have again selected Option B or Option C, you will revert automatically to Option A; however, no further form of payment changes will be allowed. Changes in form of payment occurring before January 1, 2001, are not included in the limitation provision.

Taxes

Your monthly annuity is subject to federal and state income taxes, but there is a South Carolina state income tax deduction for retirement income based on your age. If you do not have taxes withheld from your retirement check, you may need to file estimated taxes each quarter. Check with an accountant or tax advisor regarding your tax liability.

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